

Workforce Conditions in Maine Through December 2021

Consensus Economic Forecasting Commission
January 28, 2022

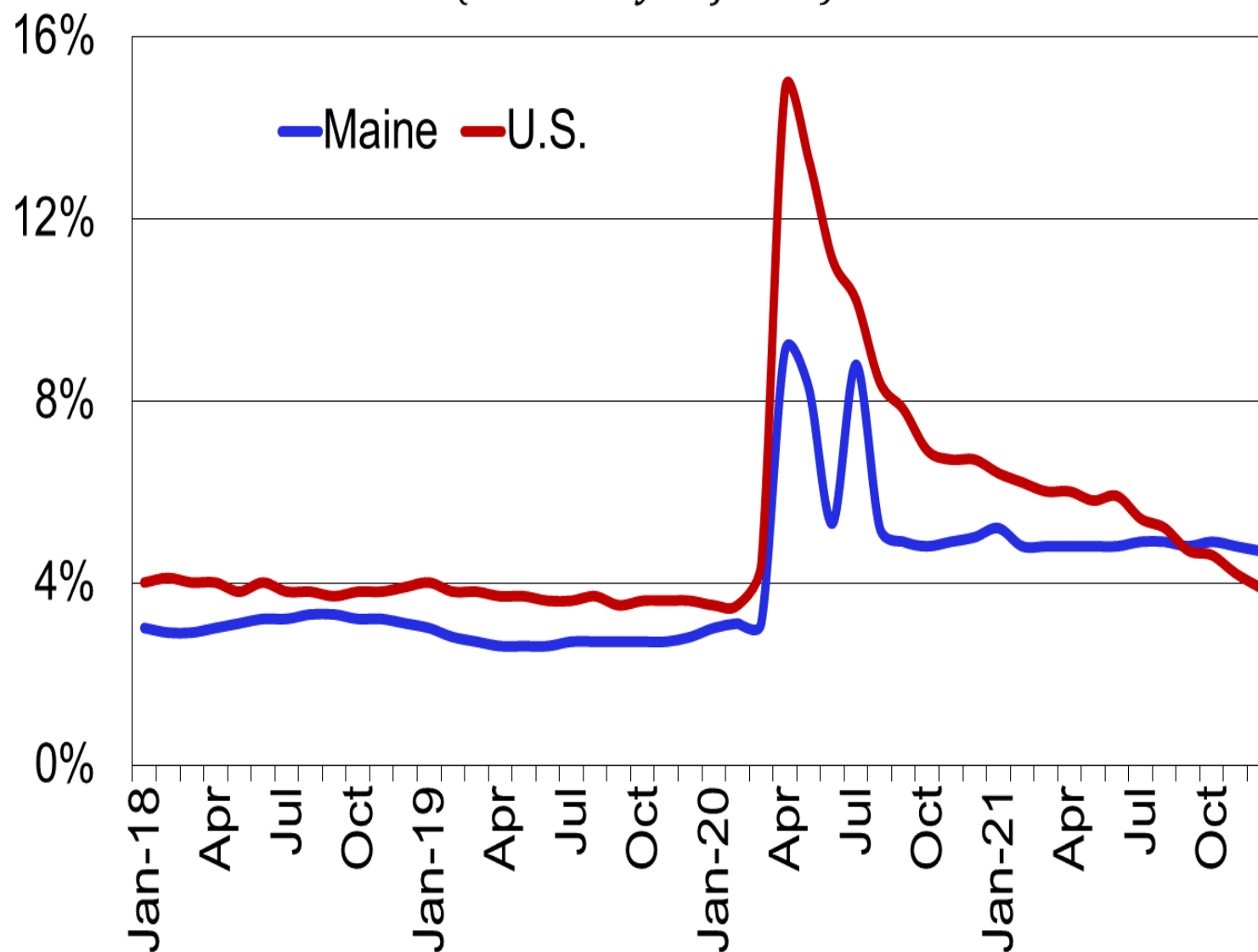


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Current Conditions

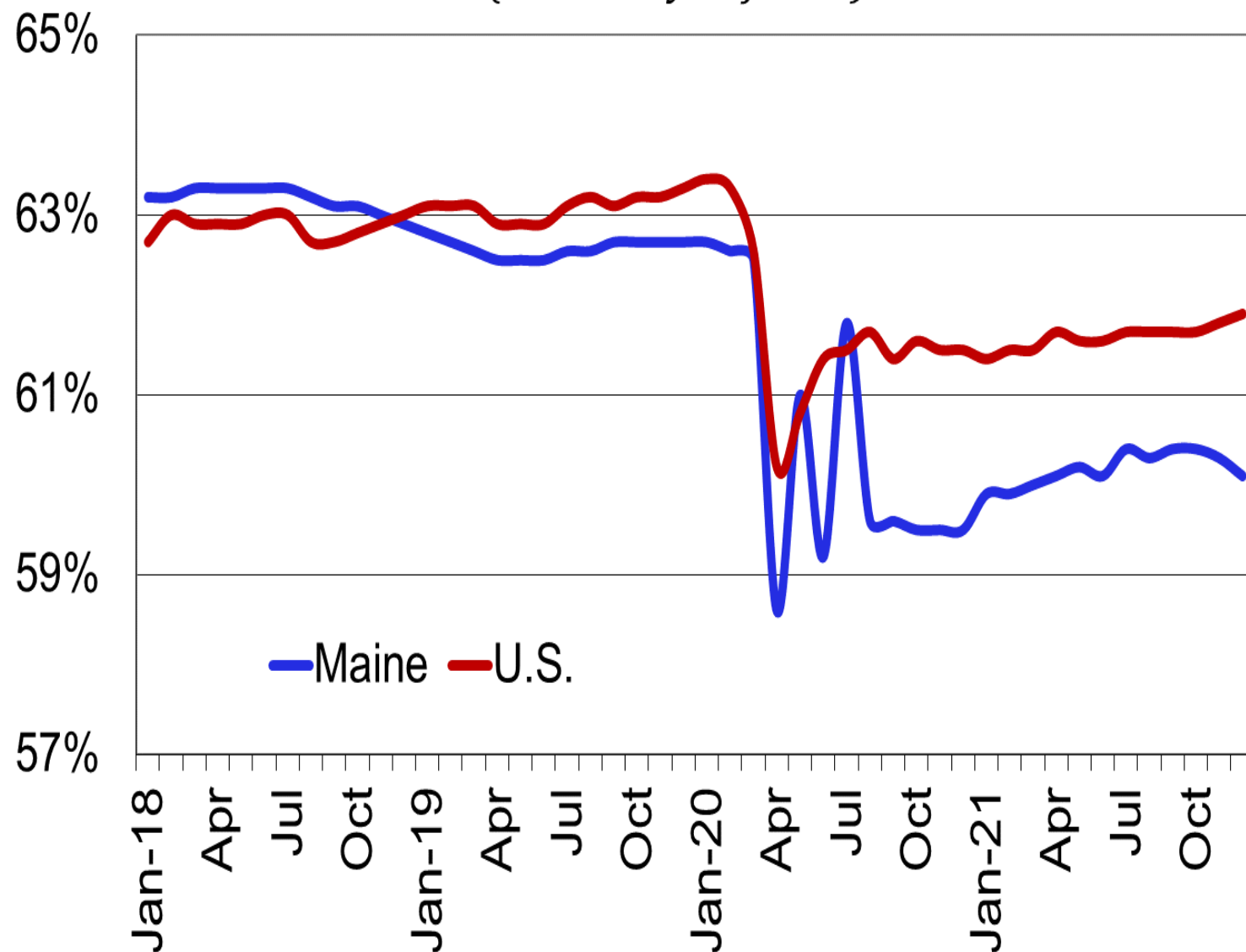
U.S. unemployment has steadily decreased during the recovery, reaching 3.9% in December. In Maine, unemployment was little changed in 2021, finishing the year at 4.7%.

Unemployment Rates (Seasonally Adjusted)



Labor force participation remains suppressed. There were 22,000 fewer people in the labor force in December than immediately before the pandemic.

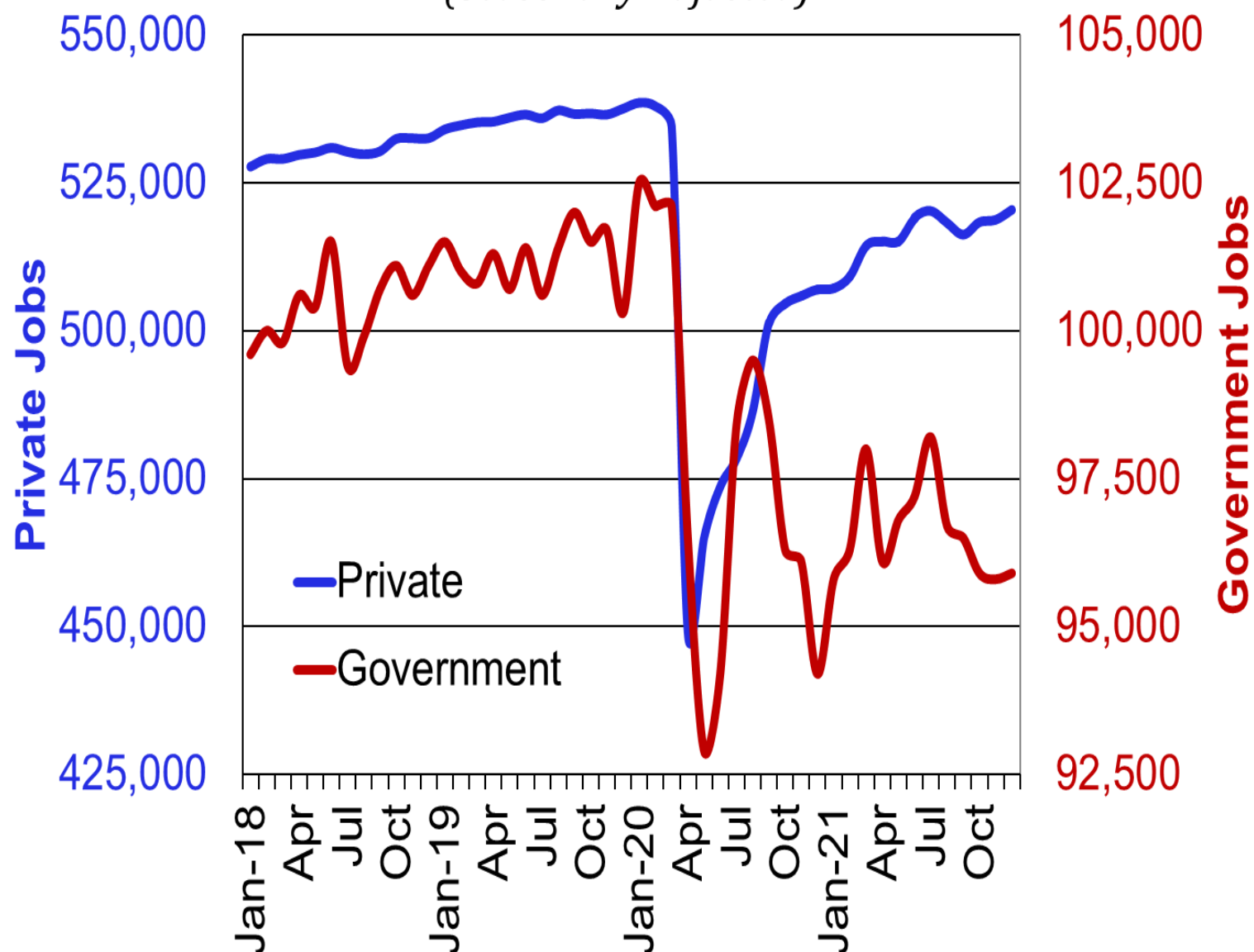
Labor Force Participation Rates (Seasonally Adjusted)



Currently official estimates indicate that private sector jobs ended the year at a pandemic-era high, but remained 3% lower than 21 months earlier. Government jobs remained down 6%, mostly in schools – both K-12 and higher ed.

Private Sector & Government Payroll Jobs

(Seasonally Adjusted)



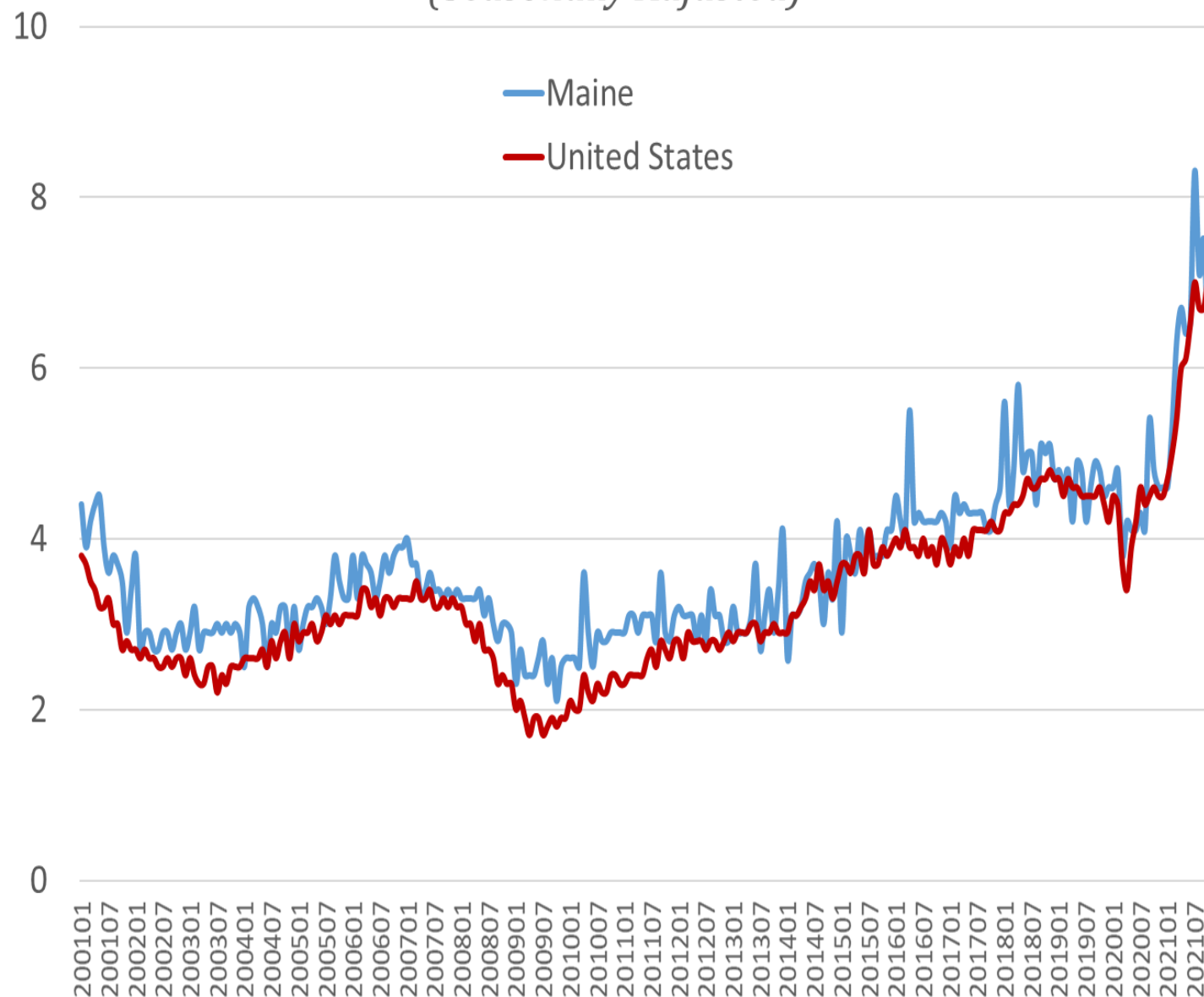
Most sectors are close to full recovery. 96% of the net decrease in jobs between February 2020 and the end of 2021 was in hospitality, state and local governments (mostly education), and healthcare and social assistance.

Net Job Change Feb 2020 to Dec 2021 (Seasonally Adjusted)

Wholesale Trade						900
Professional & Business Services						800
Federal Government						200
Private Educational Services						200
Other Services						100
Transportation, Warehousing & Utilities						-100
Manufacturing						-500
Information						-700
Construction						-800
Financial Activities						-800
Retail Trade						-900
State Government						-1,800
Local Government						-4,600
Healthcare & Social Assistance						-4,900
Leisure & Hospitality						-11,500

Fewer people in the labor force, combined with fiscal and monetary stimulus that pumped up demand, has resulted in historically high job openings rates...

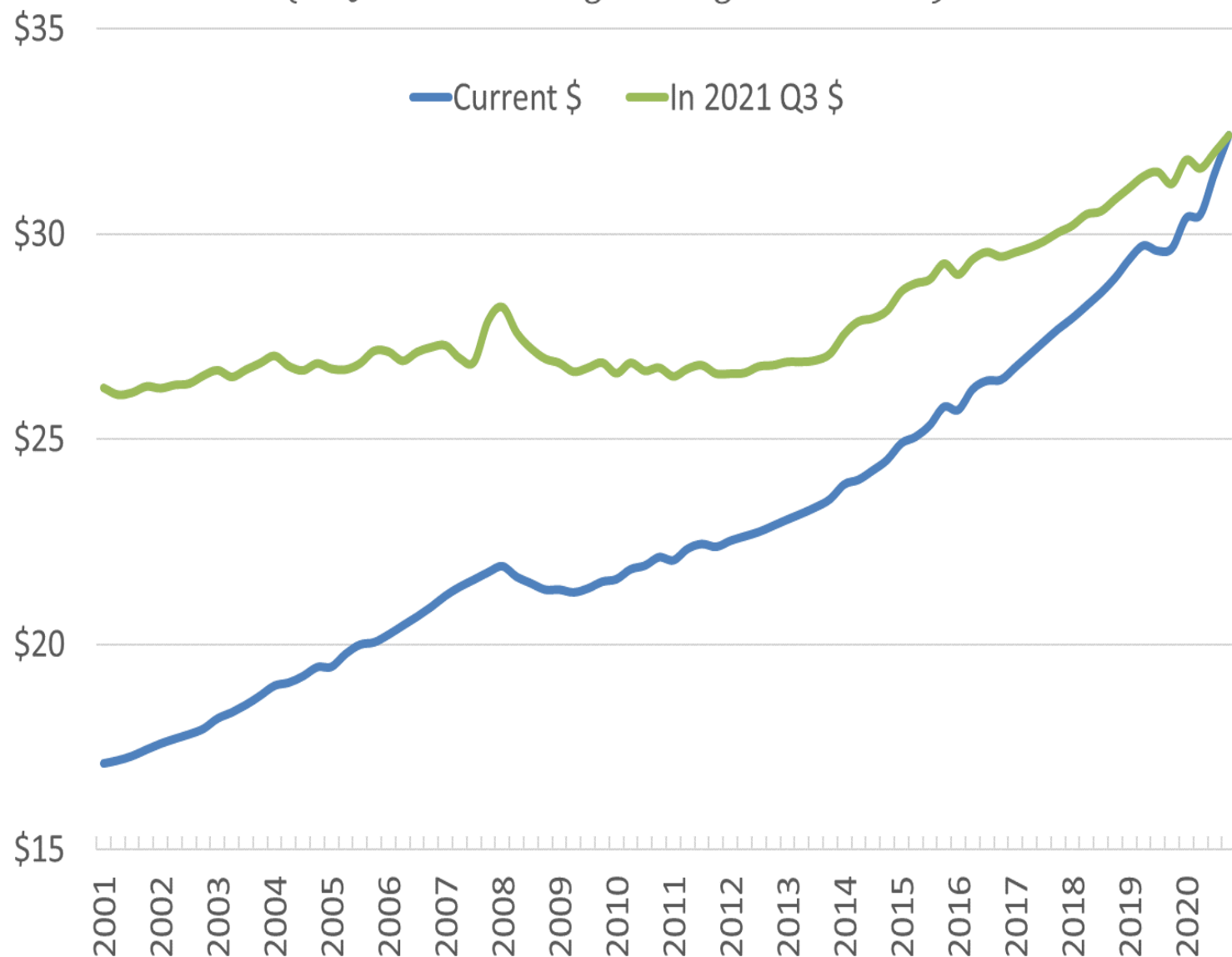
Job Openings Rates (Seasonally Adjusted)



...strong gains in total wages
paid (rising much faster than
jobs)...

Total Wages Paid in Maine

(4-Quarter Moving Average in Billions)

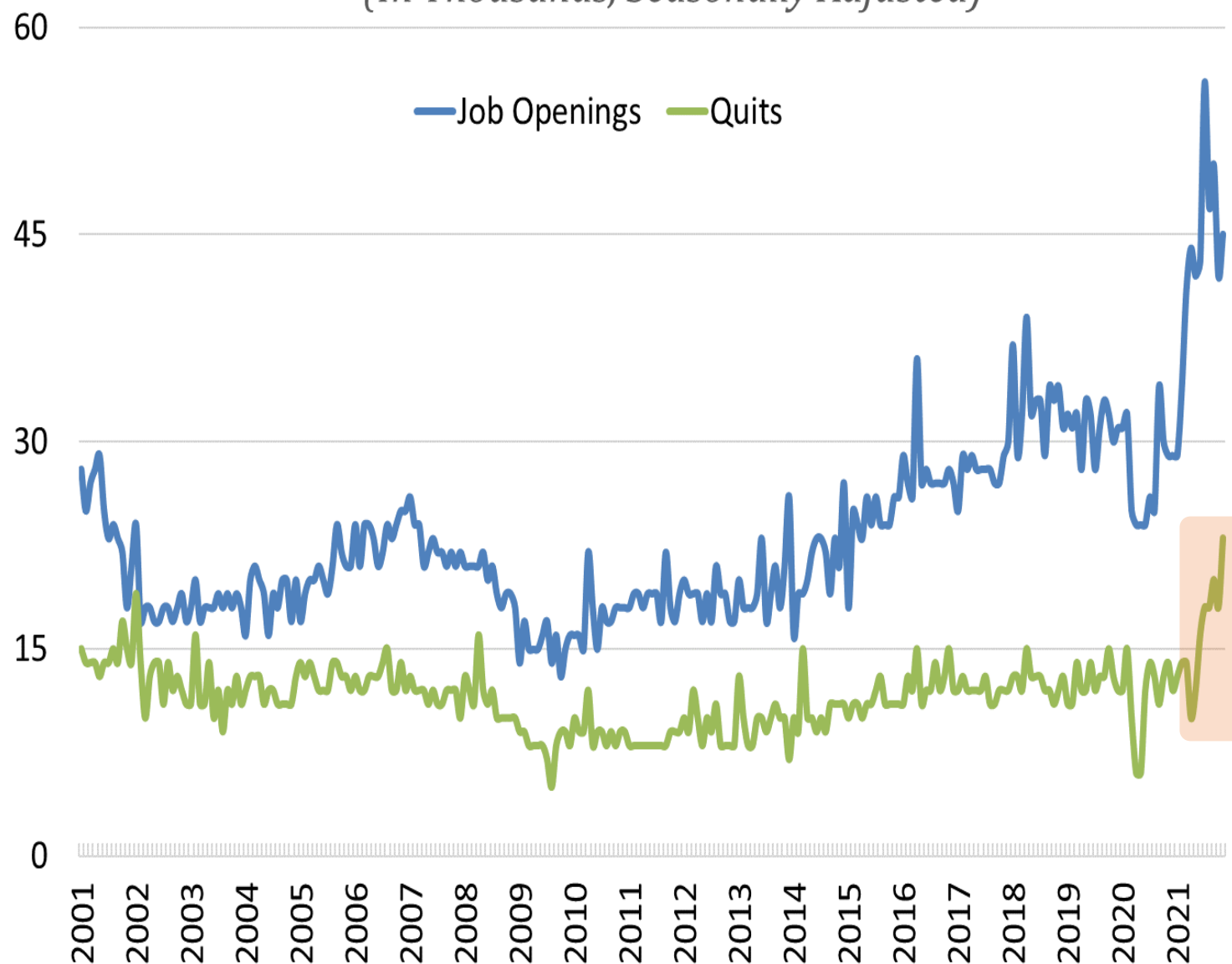


...and rising numbers of quits

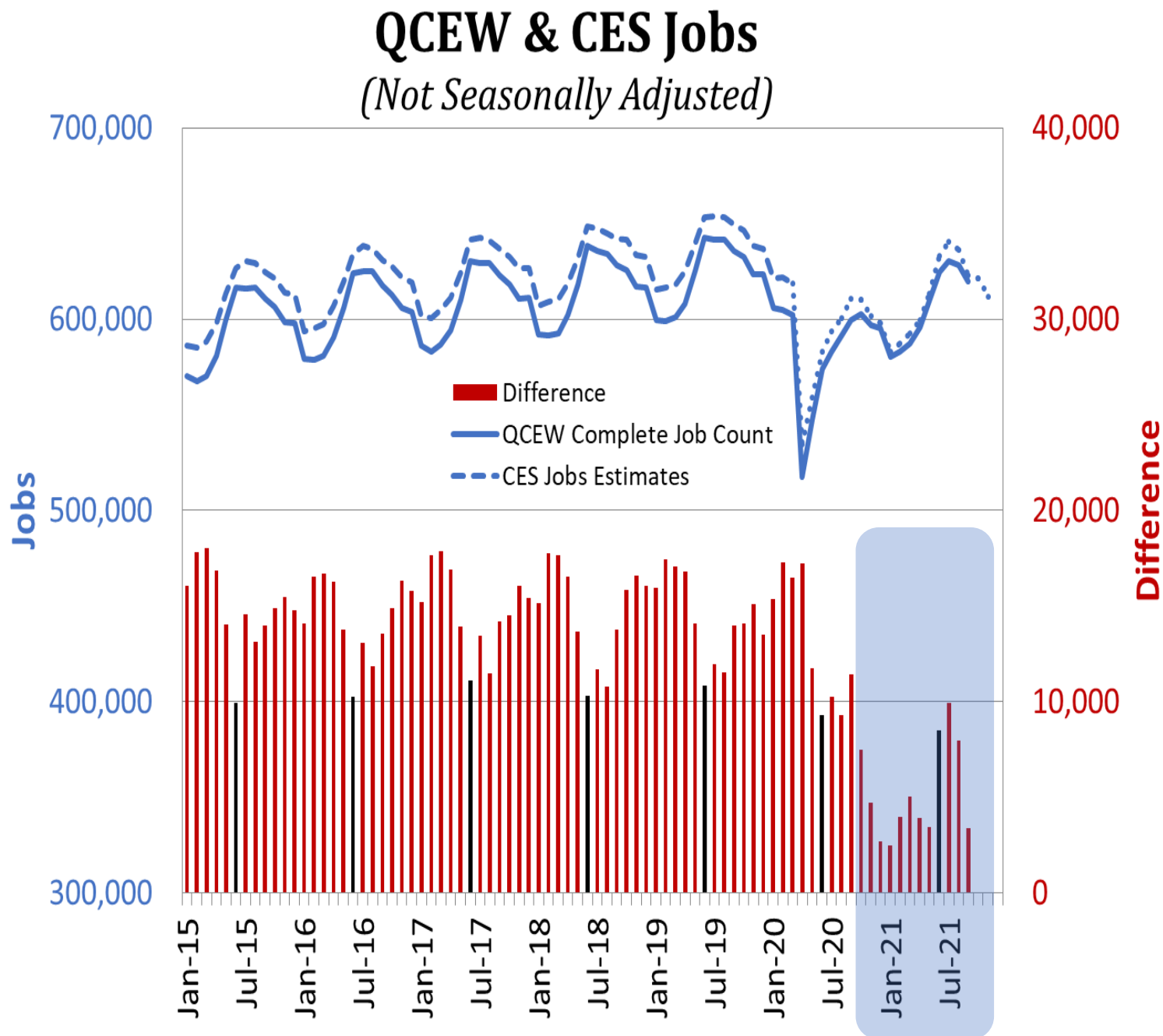
The spike in quits tracked rising job openings in the second half of 2021 – a full year after the labor force contracted. The popular “Great Resignation” characterization is really a Great Reshuffling of the workforce as thousands change jobs in favor of better pay or work conditions.

Job Openings & Quits in Maine

(In Thousands, Seasonally Adjusted)



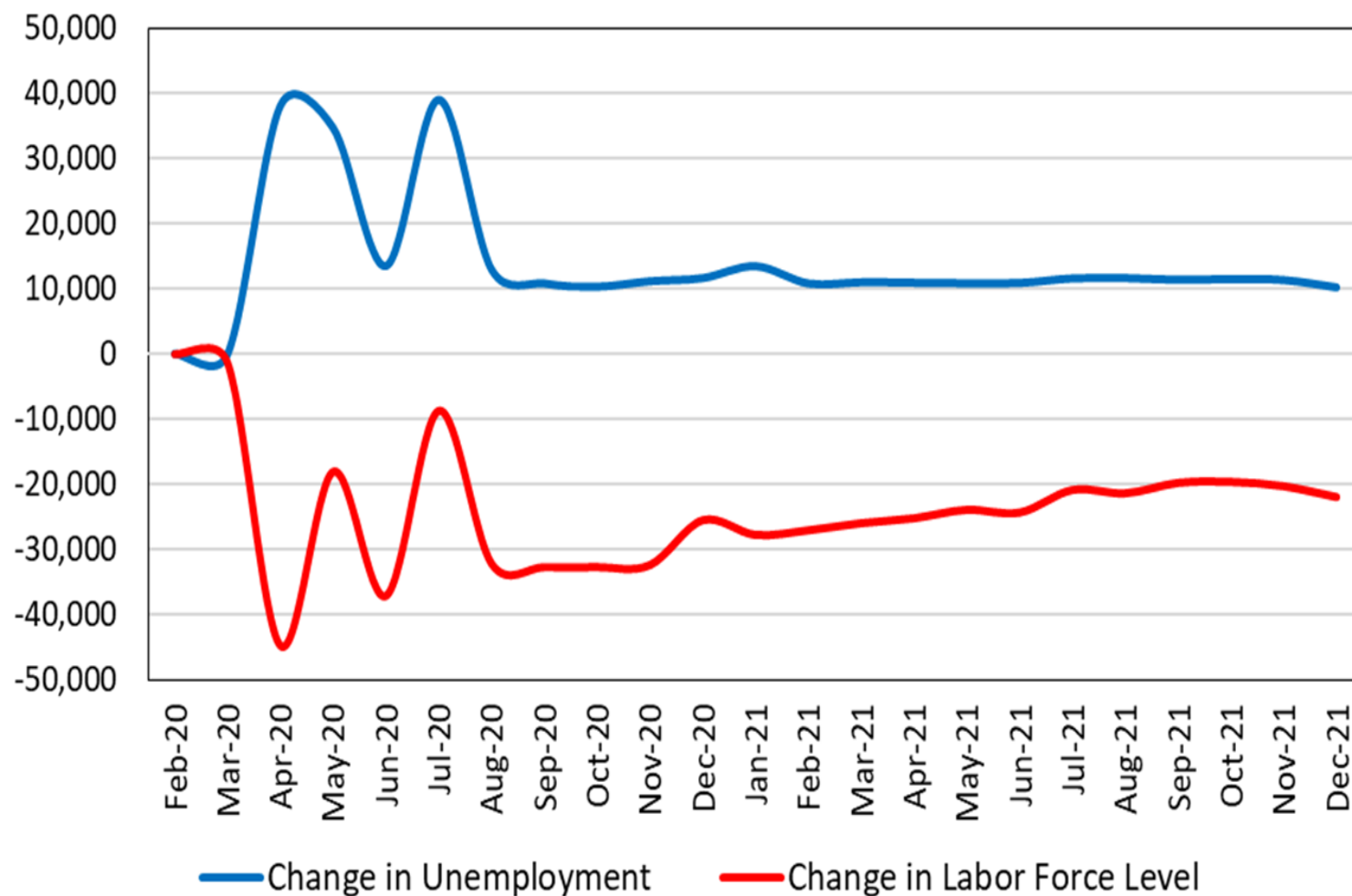
The lagging complete QCEW count of wage and salary jobs indicates there was substantially more job growth from October 2020 through September 2021 than currently official CES payroll survey estimates indicate. Annual revisions published at the end of February are likely to average close to +2,800 for 2020 and +9,400 for 2021.



Factors Impacting Labor Force Participation

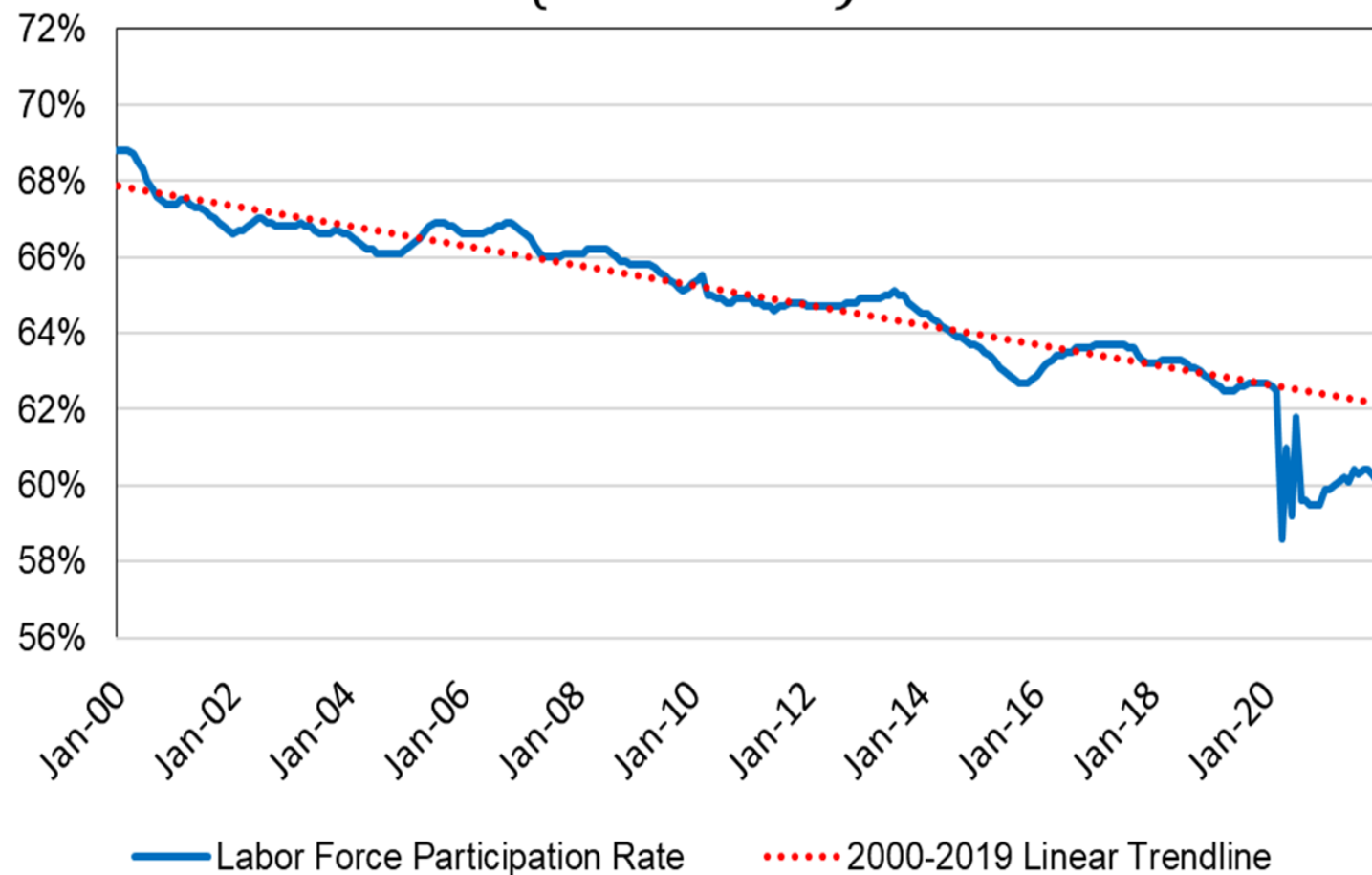
In February 2020 the economy was close to full employment. In December 2021, unemployment was 10,200 higher and the labor force 22,000 lower.

Change in Unemployment and Labor Force Levels



The age 16+ labor force participation rate has gradually trended lower over the last two decades due to the advancing age-structure of the population. Pandemic related factors pushed participation below the long-term trend. Participation is not likely to recover to pre-pandemic levels and may take several years to return to the trend level.

Labor Force Participation Rate (2000-2021)





U.S. Labor Force Participation (age 55 +)

The primary reasons for continued, lower participation among the population age 55 and over are lower participation due to concerns about getting or spreading the coronavirus and retirement. The decrease in participation has been greater and persisted longer among.

Nationally, the labor force participation rate remains 4.5 percent lower among the population age 55 or older compared to before the pandemic.

Retirement occurring during the pandemic could account for [2.4 million of the 4.2 million people who left the labor force](#) nationally (from the beginning of the pandemic to the second quarter of 2021)

These retirement decisions may not be permanent, may have been hastened by public health or economic circumstances. Improvements in public health may encourage some to re-enter the workforce.

Implications for Maine

If the same is true in Maine (57 percent of reduction in the labor force explained by retirement) then 12,500 of the 22,000 people who left Maine's labor force have left due to retirement.

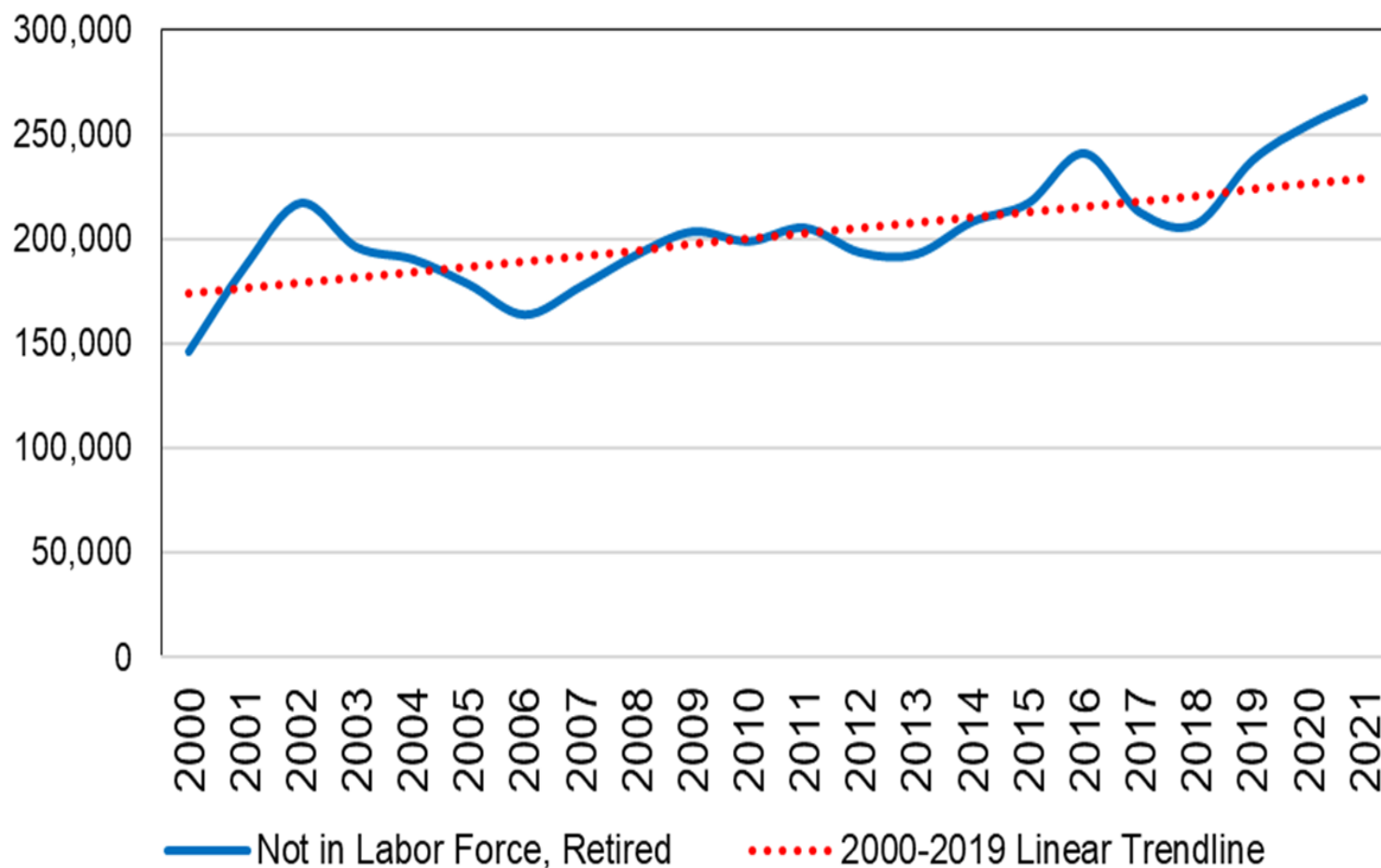
This trend may be more pronounced in Maine which has a higher share of population over age 55 (37 percent) relative to the nation (30 percent)

Perhaps 15,000 or more of the 22,000 no longer in Maine's labor force today are out of the labor force due to retirement.

In the last decade the retired population in Maine steadily increased. This trend appears to have accelerated during the pandemic, paralleling the national trend.

(The monthly household survey seems to confirm this, though the sample of respondents of this age is small enough that there is quite a bit of variability to this data over time, so we cannot claim this with certainty.)

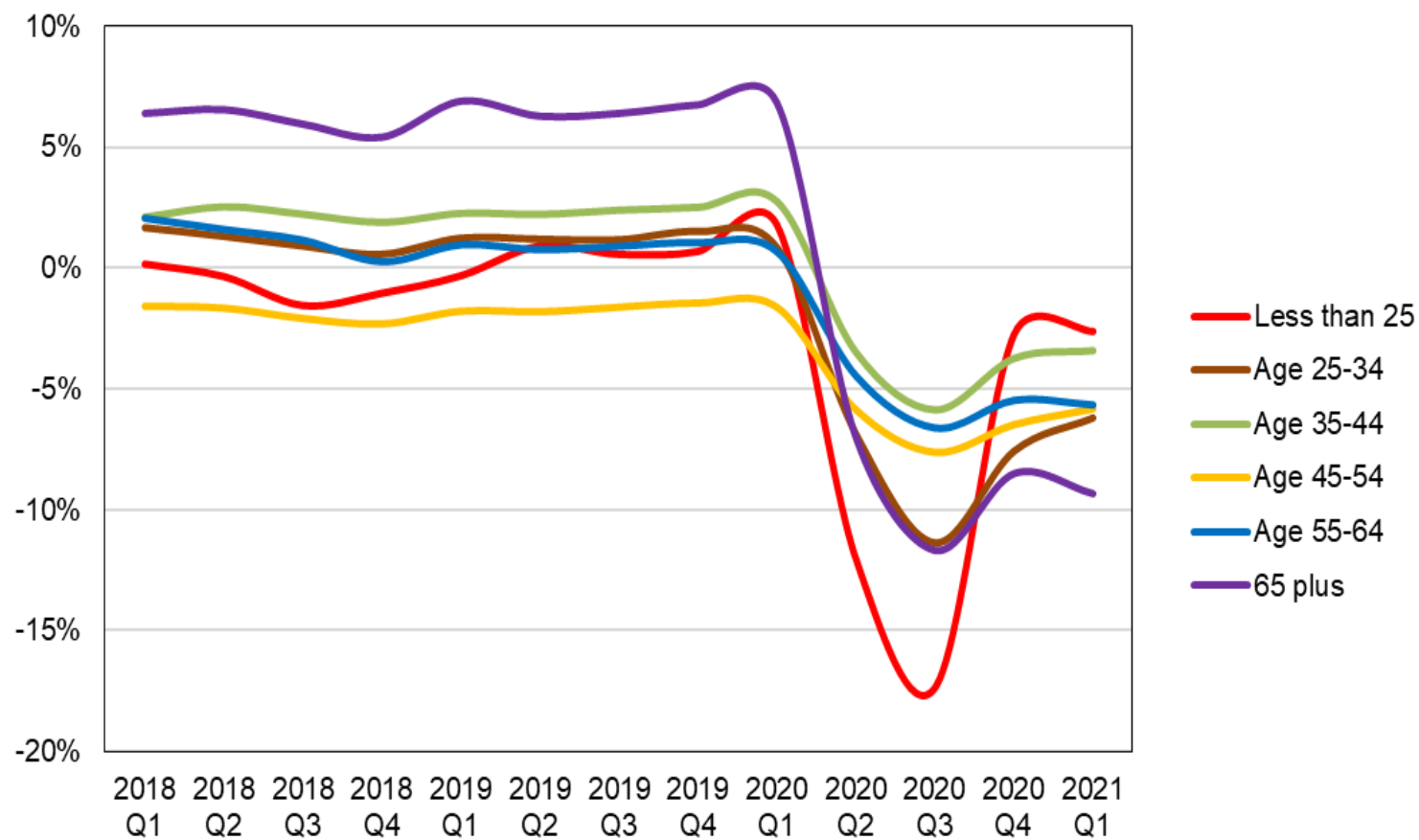
Population Not in Labor Force due to Retirement



The reduction in jobs has persisted longer among older workers, likely due to retirements. Comparing jobs held between the first quarter of 2020 and 2021:

Jobs held by workers age 65 or older decreased 9.3% and jobs held by those 55 to 64 decreased 5.7%. Jobs held by those under age 55 decreased by a lesser 4.7%.

Percent Change in Jobs over the Year by Age Group



The reduction in jobs among younger workers during the first year of the pandemic was disproportionately among women (first quarter 2020 to 2021). This was particularly the case among women ages 25 to 34, who are most likely to have young children and to be impacted by school and childcare disruptions.

**Percent Change in Jobs over the Year
by Gender by Age Group**

